

Office of Legislative Auditor

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Annual Assessment of Performance

Progress Reports

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Louisiana Revised Statute (R.S.) 39:87.3 requires the legislative auditor to provide annually a summary assessment of those agencies that are deficient in their capacity to execute the requirements relative to the production of performance progress reports to the Joint Legislative Committee on the Budget. This report provides a summary of the results of our examinations of performance data reported for certain programs of certain state agencies for fiscal years 2001 and 2002.

For the 2001 fiscal year, we determined the reliability of 142 performance indicators in eight different departments of state government. We found that 93 (65%) of these indicators are reliable. For the 2002 fiscal year, we determined the reliability of 72 performance indicators in six different departments of state government. We found that 50 (69%) of these indicators are reliable.

I hope this report will benefit you in your legislative decision-making process.

Sincerely,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

Background

For fiscal years 2001 and 2002, our examinations primarily focused on determining whether the values of performance indicators reported in the Louisiana Performance Accountability System (LaPAS) are reliable and accurate. To assist in determining the reliability of performance indicators, we assessed the internal management controls of agencies to determine if these controls provided assurance that data used to compile the performance indicators were reliable.

This report addresses performance indicators for 12 different agencies, including one technical college. The legislative auditor previously reported most of the information contained in this report. The Financial and Compliance Audit Division of the Office of

Legislative Auditor performed most of the audits for fiscal year 2001, except for audits of the Departments of Transportation and Development, Environmental Quality, and Natural Resources and the Governor's Office of Women's Services that were performed by the Performance Audit Division. The Performance Audit Division performed the audits for fiscal year 2002.

Performance Indicators Reported for Fiscal Year 2001

Department of Transportation and Development

Bridge Trust Program - Crescent City Connection Division. Our review of all six of the performance indicators reported for fiscal year 2001 for the **Bridge Operations** found the values of four indicators (67%) to be unreliable because of calculation errors and an error in calculation methodology.

Our review of all three of the performance indicators reported for fiscal year 2001 for the **Ferry Boat Operations** found the value of one indicator (33%) to be unreliable because of calculation errors. Values for two other performance indicators were not reported even though information was available in time to meet the reporting deadline.

Department of Environmental Quality

Environmental Compliance Program. We reviewed one of 16 (6%) key performance indicators reported for fiscal year 2001 and found its value to be unreliable. This indicator concerned the timeliness of enforcement actions and was unreliable because not all of the department's enforcement actions were included in the calculation of the indicator.

Department of Agriculture and Forestry

We reviewed 12 of the 45 key performance indicators reported in the third quarter performance progress report for fiscal year 2001 for the department. We reviewed performance indicators in the **Office of Management and Finance, the Marketing Program, the Agricultural and Environmental Sciences Program, and the Forestry Program**. For fiscal year 2001, the Department of Agriculture and Forestry did not establish adequate internal control procedures over its performance progress reports to ensure the reliability of the performance data. Our review disclosed that the department inaccurately reported or did not have supporting documentation for the values of five of 12 (42%) key performance indicators tested. Of these five, one indicator in the Agricultural and Environmental Sciences Program was inaccurate because of a keypunch error. The other four indicators (all from the Office of Forestry) did not have supporting documentation for the amounts reported.

Department of Insurance

We reviewed 20 of the 56 key performance indicators in the third quarter performance progress report for fiscal year 2001 for the department's two programs. The Department of Insurance did not establish adequate control procedures over its performance progress reports to ensure the reliability of the performance data. Our review disclosed that for 10 of the 20 (50%) key performance indicators tested either the performance progress report inaccurately reported actual performance or the system used to track the indicator was considered unreliable. We found deficient performance indicators (and the number of deficiencies) in the following programs:

- Administration/Fiscal Program (3)
- Market Compliance Program (7)

Department of Public Safety and Corrections, Public Safety Services

We reviewed 39 of 92 key performance indicators reported in the mid-year performance progress report for fiscal year 2001. For fiscal year 2001, the Department of Public Safety and Corrections, Public Safety Services did not establish adequate internal controls over its performance progress reports to ensure the reliability and accuracy of the performance data. The review disclosed that for eight of the 39 (20.5%) indicators tested, the performance progress report inaccurately reported actual performance. We found deficient performance indicators (and the number of deficiencies) in the following programs or operational units:

- Office of State Police - Operational Support Program (2)
- Office of State Police - Gaming Enforcement Program (1)
- Office of State Fire Marshal - Fire Prevention Program (2)
- Louisiana Gaming Control Board (1)
- Louisiana Highway Safety Commission - Administrative Program (1)
- Public Safety Services Cafeteria (1)

Department of Natural Resources

We reviewed 18 of 33 (55%) key performance indicators reported in the mid-year performance progress report for fiscal year 2001. We also reviewed all 10 (100%) supporting indicators in the Public Safety Program and four of the five (80%) supporting indicators in the Oil and Gas Regulatory Program. This review covered performance indicators for seven programs and the Copy and Publications Center. We found that the values of all 14 (100%) supporting performance indicators are reliable. We found that four of the 18 (22%) key performance indicators tested did not have adequate or accurate supporting documentation. In addition, three of the exceptions lacked a reasonable

system to accumulate actual data. We found deficient performance indicators (and the number of deficiencies) in the following programs or operational units:

- Office of the Secretary - Atchafalaya Basin Program (2)
- Office of Mineral Resources - Mineral Resources Program (1)
- Office of Conservation - Public Safety Program (3)
- Natural Resources Copy and Publications Center (1)

Louisiana Technical College, Westside Campus

A review of the two performance indicators prepared by the Louisiana Technical College, Westside Campus for the mid-year performance progress report for fiscal year 2001 disclosed the following inaccuracies:

- The report included performance data that occurred outside the reporting period.
- The report may not include all performance data because information used to identify key data was incomplete.
- Student data in the report did not include nursing students who completed the curriculum during the reporting period.
- The report was not consistent with supporting documentation, and the campus was unable to justify the differences.

The Louisiana Technical College, Westside Campus did not establish adequate internal control over its performance progress reports to ensure that performance data were reliable and accurate.

Governor's Office of Women's Services (OWS)

For fiscal year 2001, we found that nine of 23 (39%) performance indicator values reported were not reliable for any quarter in which they were reported. There appear to be many reasons why OWS did not report reliable performance indicator values. First, OWS did not have a central employee preparing the calculations for each performance indicator value. Instead, each program manager calculated his/her program's indicators. Second, program managers were not exactly sure how to calculate all of the indicators that they were responsible for. Third, the weekly and monthly reports used to prepare the quarterly performance values were kept in disarray and their accuracy and consistency are questionable. Fourth, there is no centralized database where all performance data can be kept and accessed each quarter. Finally, most of the performance data that OWS reported in LaPAS each quarter could not be traced back to the source documentation that was used to prepare the values. As a result, OWS reported performance data each quarter that may not represent the agency's true performance.

Performance Indicators Reported for the First Quarter of Fiscal Year 2002

Department of Public Safety and Corrections, Corrections Services

Sheriffs' Housing of State Inmates Program. For the five key performance indicators for the Sheriffs' Housing of State Inmates Program, we found that two of the reported values were not reliable. These two values were not reliable because they did not include approximately 600 adult inmates in community-based rehabilitation programs administered by sheriffs.

Adult Community-Based Rehabilitation Program. We found the four key performance indicators for the Adult Community-Based Rehabilitation Program to be reliable.

Department of Treasury

Administrative Program. The values for two of the four performance indicators of the Administrative Program are unreliable. The value for one of these performance indicators (in the Unclaimed Property Section) was an estimate; however, at the time of our audit, management was testing software that would more accurately compute this value. The methodology used to compute the other unreliable performance indicator was not reliable.

Debt Management and Financial Accountability and Control Programs. The values for the six performance indicators of these two programs were reliable. However, it should be noted that for these two programs, the values of three performance indicators were determined by management's judgment of the progress in achieving the performance indicators. There was no supporting documentation that we could review.

Investment Management Program. We found the values for the three performance indicators of this program to be reliable. Debt and equity market conditions largely determine the values of two performance indicators that measure annual yield and return on investment. These two performance indicators would be more meaningful in portraying performance of this program's managers if they could compare the program's performance with a benchmark yield (or return) of a portfolio with similar assets and asset maturities. Thus, for example, if another state or a recognized mutual fund has a portfolio similar to Louisiana's general fund, the performance of this program could be compared with the investment yield achieved by another state or mutual fund's investment managers.

Department of Public Safety and Corrections, Public Safety Services

Licensing Program - Office of Motor Vehicles. The values for two of the 12 (17%) key performance indicators are unreliable. These two performance indicators concern the percentage of vehicle registration renewals returned and processed either via Internet or via conversant. The values were incorrect because the department divided by the number of invitations processed rather than by the number of invitations mailed.

Department of Wildlife and Fisheries

Enforcement Program. One of the eight performance indicators for this program was not valid because it was not suitable for its intended use. Management agreed with this finding and has discontinued use of this performance indicator. One of two key performance indicators that we tested had an unreliable value for three quarters because it is estimated. It is actually computed only once each fiscal year.

At the time of our audit, the department had not developed objectives or performance indicators for several major functions of this program, such as Saltwater Enforcement, the Statewide Strike Force, Refuge Patrol, and the Oyster Strike Force. Legislative staff and the Office of Planning and Budget should work with the Enforcement Program and the department to develop objectives and performance indicators that will measure the other major aspects of this program's performance.

Department of Public Service

Administrative Program. We found that the values of two of the five (40%) key performance indicators were unreliable.

Support Services Program. We found that the value of one of the three (33%) key performance indicators reported was unreliable. We could not determine the reliability of one of the key performance indicators.

Motor Carrier Registration Program. We found that the values of all three (100%) key performance indicators reported were reliable.

District Offices Program. We found that the values of six of the 11 (54%) key performance indicators were reliable. We could not determine the reliability of two of the key performance indicators for one district because this district had disposed of its log sheets.

Internal controls. At the time we conducted our audit (December 2001), the department's internal controls needed to be strengthened to ensure the reliability and validity of performance indicator data. We found that all four programs had similar internal control conditions. There were no written procedures for inputting, processing, or reviewing performance indicator data for any of the programs.

Most of the data from which the department's performance indicators were compiled were collected manually. Mathematical calculations are typically performed manually on these data. We determined that the collection and input controls over much of the data were weak. We found numerous errors in the mathematical computations. In addition, the review controls were weak. Although a system of review was in place over the collection and input of performance data into LaPAS, that system was not implemented in such a fashion as to ensure the reliability and accuracy of the performance data.

Governor's Office of Women's Services

Five of 14 (36%) of the key performance indicator values reported are not reliable. In addition, it was impossible to determine the reliability of two of the 14 (14%) of the indicators reported for this quarter.

Need more information?

Contact Dan Kyle, Louisiana Legislative Auditor, at (225) 339-3800.
A copy of this report is available on our Web site at www.lla.state.la.us.

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